

N-4

**Letter from James D. Richman, Arnold & Porter LLP,
Los Angeles, California, February 14, 2007**

February 14, 2007

Via E-Mail and Federal Express

Mr. Eric Borstein
SunCal Companies
21900 Burbank Boulevard
Suite 114
Woodland Hills, CA 91367-7928

Re: Northlake Pipeline Relocation Agreements

Dear Mr. Borstein:

As you know, we have represented the SunCal Companies and LB/L-SunCal Northlake LLC in connection with the preparation and negotiation of various agreements and easements for the relocation of a petroleum pipeline so that it will traverse property ("State Property") owned by the State of California instead of property ("SunCal Property") owned by LB/L-SunCal Northlake LLC in the Castaic area of Los Angeles County.

We are pleased to confirm that the forms of agreements with the State of California for the relocation of the pipeline easement and pipeline facilities to the property of the State of California have been agreed to by the State of California, LB/L-SunCal Northlake LLC, and Pacific Pipeline Systems, LLC, including (i) a letter agreement, dated January 11, 2007 ("Escrow Agreement"), which sets up an escrow for processing the transfer of easement rights and the delivery of agreements and consideration and obligates the parties to sign various agreements and instruments for the grant of the pipeline easement; (ii) a Pipeline Easement Agreement, between the State of California, Department of Water Resources and Pacific Pipeline System LLC; and (iii) an Easement Relocation Pipeline Construction Agreement between LB/L-SunCal Northlake LLC and Pacific Pipeline System LLC.

Moreover, as of the date of this letter, the Escrow Agreement has been signed by the State of California, Department of Water Resources and LB/L SunCal Northlake LLC, and returned to us and we are informed that Pacific Pipeline Systems, LLC has approved the Escrow Agreement and will sign it and return it to us promptly. Of course, Pacific Pipeline System LLC and LB/L-SunCal Northlake LLC have already executed the Easement Relocation and Pipeline Construction Agreement, pursuant to

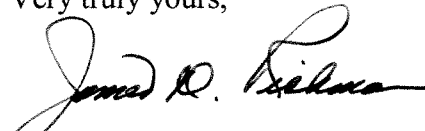
Mr. Eric Borstein
February 14, 2007
Page 2

which Pacific Pipeline System LLC has agreed to the relocation of its pipeline to the property of the State of California.

Therefore, as of the date of this letter, we believe that the execution and delivery of the agreements by all of the parties required to effect the contemplated transactions for the relocation of the pipeline easement and related facilities from the SunCal Property to the State Property has either taken place or requires only ministerial actions to complete.

If you or any governmental agency with whom you are working needs further information from us, please do not hesitate to contact me or to direct such governmental agencies to contact me directly.

Very truly yours,



James D. Richman

JDR:tb